

**GOVERNOR'S PROPOSAL TO  
BALANCE FY 2004-05 BUDGET:**

**EXECUTIVE ORDER 2005-03  
AND  
FY 2004-05 SUPPLEMENTAL**

**SUMMARY AND  
DEPARTMENT/BUDGET AREA  
DETAIL**



**FEBRUARY 10, 2005**

**Table 1**  
**FY 2004-05**  
**General Fund/General Purpose**  
**Revenues, Expenditures and Year-End Balance**  
**(millions of dollars)**

	<b>February 2005 Governor's Recommendation</b>
<b>Revenues:</b>	
Beginning Balance .....	\$ 0.0
Ongoing Revenues:	
Consensus Revenue Estimate .....	7,869.8
Revenue Sharing Adjustments .....	511.1
Adjust Interfund Borrowing Costs .....	20.0
Pharmaceutical Tax Credit Adjustment .....	10.0
Subtotal Ongoing Revenues .....	8,410.9
Non-ongoing Revenues:	
Sale of Surplus State Property .....	83.4
Restricted Fund Transfers to General Fund .....	15.5
Subtotal Non On-Going Revenues .....	98.9
<b>Total GF/GP Revenues .....</b>	<b>\$8,509.8</b>
<b>Expenditures:</b>	
Initial Enacted Appropriations .....	\$8,699.4
Supplemental Appropriations (PA 352 of 2004) .....	43.0
Supplemental Appropriations (PA 358 of 2004) .....	8.5
Supplemental Appropriations (PA 358 of 2004) .....	99.5
Supplemental Appropriations (PA 468 of 2004) .....	0.2
Lapse from Building Occupancy Charges .....	(0.7)
<b>Total GF/GP Expenditures .....</b>	<b>\$8,849.9</b>
<b>Projected Current Law Year-End Balance .....</b>	<b>\$(340.1)</b>
Governor's Supplemental Recommendations:	
Community Health (Medicaid Caseload) .....	39.8
Special Election for Higher Education Bond Proposal .....	6.0
Lawsuit Settlement .....	0.7
Subtotal .....	46.5
<b>Projected Year-End Balance .....</b>	<b>\$(386.6)</b>

Table 2

<b>Governor's Proposal to Balance FY 2004-05 General Fund/General Purpose Budget (millions of dollars)</b>	
<b>Projected Year-End Balance .....</b>	<b>\$(386.6)</b>
Appropriation Reductions:	
Executive Order 2005-03 Appropriation Reductions .....	219.8
Negative Supplemental Appropriation Items .....	<u>85.5</u>
Subtotal .....	305.3
Revenue Adjustments:	
Withdrawal from Budget Stabilization Fund .....	73.8
Escheats Enforcement .....	2.5
Professional Employer Organization SBT Base Adjustment.....	<u>5.0</u>
Subtotal .....	81.3
Total Recommended Adjustments to Budget.....	<u>\$386.6</u>
<b>Adjusted Year-End Balance .....</b>	<b>\$ 0.0</b>

**Table 3**  
**FY 2004-05**  
**School Aid Fund Budget**  
**Revenues, Expenditures and Year-End Balance**  
**(millions of dollars)**

	<b>February 2005 Governor's Recommendation</b>
<b>Revenues:</b>	
Beginning Balance .....	\$ 74.1
Ongoing Estimated Restricted Revenues .....	10,878.8
Other Revenue Adjustments:	
GF/GP Grant .....	165.2
GF/GP Grant (PA 518 of 2004) .....	99.5
Federal Aid .....	1,353.6
Payment in Lieu of Taxes .....	(2.0)
Subtotal Other Revenue Adjustments .....	1,616.3
<b>Total Estimated Revenue .....</b>	<b>\$12,569.2</b>
<b>Expenditures:</b>	
Enacted Appropriations .....	12,527.4
Reduction of Homestead Audit Savings .....	26.6
Reduction of Personal Property Tax Audit Savings .....	14.5
Special Education Cost Shift .....	0.0
Enhanced Tax Enforcement Savings .....	(3.5)
Appropriation Lapse (Pupils/Taxable Value) .....	(70.0)
<b>Total Estimated Expenditures .....</b>	<b>12,495.0</b>
<b>Projected Year-End Balance .....</b>	<b>\$ 74.2</b>
Governor's Recommended Adjustments to Balance:	
Executive Order 2005-03(Reduce GF/GP Grant) .....	(99.5)
School Bond Loan Fund Reform Package .....	41.1
Revised Pupil Count Expenditure Adjustment .....	8.0
Total Recommended Adjustments .....	(50.4)
<b>Projected Year-End Balance .....</b>	<b>\$ 23.8</b>

**Table 4**

<b>Executive Order 2005-03</b> <b>Major Recommendations to Reduce GF/GP Appropriations</b> <b>(millions of dollars)</b>	
K-12 School Aid(Reduce GF/GP Grant to School Aid Fund) .....	\$ (99.5)
Departmental Administrative Reductions .....	(51.2)
Higher Education Operations .....	(25.1)
Community College Operations .....	(4.9)
Reduce Agricultural Experiment Station (MSU) .....	(0.8)
Reduce Cooperative Extension Service (MSU) .....	(1.6)
Family Independence Agency (Day Care Waiting Period) .....	(10.0)
Various GF/GP Reductions Offset with Federal and State Restricted Funding	(9.8)
Liquor Licensing and Enforcement Program .....	(1.0)
Various Departmental Appropriation Lapses .....	(15.9)
<b>Total Executive Order Reductions .....</b>	<b>\$(219.8)</b>

Table 5

Summary of Executive Order 2005-03				
Department/ Budget Area	FY 2004-05 GF/GP Year-to-Date	EO 2005-03 GF/GP Reductions	EO 2005-03 Restricted/ Other Reductions That Reduce GF/GP	EO 2005-03 Total Reductions
Agriculture	\$30,091,400	(\$971,000)		(\$971,000)
Attorney General	31,503,900	(451,000)		(451,000)
Capital Outlay	243,002,100	0		0
Civil Rights	11,759,000	(191,500)		(191,500)
Civil Service	7,672,100	(229,300)		(229,300)
Community Colleges	294,268,200	(4,919,600)		(4,919,600)
Community Health	2,557,860,600	(5,941,500)		(5,941,500)
Corrections	1,708,161,100	(18,685,700)		(18,685,700)
Education	26,394,700	(333,000)		(333,000)
Environmental Quality	28,671,800	(2,539,900)		(2,539,900)
Executive	5,205,500	0		0
Family Independence	1,109,682,800	(33,276,200)		(33,276,200)
Higher Education	1,643,508,700	(27,551,000)		(27,551,000)
History, Arts and Libraries	45,803,500	(626,800)		(626,800)
Information Technology	0	0	(2,060,000)	(2,060,000)
Judiciary	158,093,300	0		0
Labor and Economic Growth	94,538,000	(1,051,700)	(932,300)	(1,984,000)
Legislature	122,173,900	0		0
Management & Budget	36,684,200	(1,678,600)	(8,087,200)	(9,765,800)
Military & Veterans Affairs	37,370,700	(714,100)		(714,100)
Natural Resources	28,885,000	(383,300)		(383,300)
School Aid	264,700,000	(99,500,000)		(99,500,000)
State	23,909,900	(609,400)		(609,400)
State Police	244,380,200	(3,455,000)		(3,455,000)
Transportation	0	0		0
Treasury (Debt Service)	42,448,600	0		0
Treasury (Operations)	53,262,500	(4,604,200)	(1,000,000)	(5,604,200)
Treasury (Revenue Sharing)	442,300	0		0
<b>Total .....</b>	<b>\$8,850,474,000</b>	<b>(\$207,712,800)</b>	<b>(\$12,079,500)</b>	<b>(\$219,792,300)</b>

Table 6

Major Items in Governor's Recommended FY 2004-05 Supplemental Appropriations General Fund/General Purpose Appropriations (millions of dollars)	
<b>Positive Supplemental Appropriation Items</b>	
Medicaid and Children's Special Health Care Base Funding .....	\$39.8
Special Election Funding (GO Bond Proposal) .....	6.0
Total Positive Items .....	\$45.8
<b>Negative Supplemental Appropriation Items</b>	
Medicaid (Offset GF/GP with Medicaid Benefits Trust Fund).....	(25.9)
Medicaid (Reduce Provider Rates by 4% to Hospitals, Nursing Homes, Physicians, and Other Providers).....	(18.5)
Higher Education (Fund Shift on funding of University of Detroit Dental Clinics and Wayne State University Psychiatric Research and Training Program) .....	(10.1)
Secretary of State (Fund Shift from GF/GP to Transportation Administration Collection Fund for Branch Offices Operations).....	(10.0)
Medicaid (Fund Shift to Various Local and State Restricted Revenue Sources) .....	(7.2)
Medicaid (6.0% Provider Tax on Community Mental Health).....	(6.0)
Cancel Youth Correction Facility Contract .....	(5.9)
Agriculture (Fund Shift to Agriculture Equine Fund).....	(0.7)
Corrections (Close Benton Harbor and Saginaw Corrections Centers) .....	(0.6)
Judiciary (Fund Shift Restricted Revenue for GF/GP) .....	(0.5)
Total Negative Items .....	\$(85.4)
<b>Total Supplemental Appropriation Recommendations .....</b>	<b>\$(39.6)</b>

Table 7

Governor's Recommended FY 2004-05 Supplemental Appropriations (millions of dollars)		
Department/Program	Gross Appropriation	GF/GP Appropriation
Agriculture .....	\$ 285,000	\$ (692,500)
Capital Outlay.....	100	100
Civil Rights .....	115,800	0
Community Health.....	68,321,200	(17,836,400)
Corrections.....	(5,482,200)	(6,482,200)
Education .....	186,000	0
Environmental Quality .....	1,722,600	0
Family Independence Agency .....	9,000,000	0
Higher Education.....	(10,152,900)	(10,152,900)
History, Arts and Libraries .....	100,000	0
Judiciary .....	0	(546,000)
Labor and Economic Growth.....	402,000	0
State .....	6,000,000	(4,000,000)
State Police .....	612,000	0
Transportation .....	(4,869,000)	0
Treasury .....	187,500	0
<b>Total.....</b>	<b>\$66,428,100</b>	<b>\$(39,709,900)</b>





# **APPENDIX A:**

**FY 2004-05**

**EXECUTIVE ORDER 2005-03**

# EXECUTIVE ORDER 2005-03

## DEPARTMENT OF AGRICULTURE

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Administrative Savings.</b> Administrative savings and efficiencies will be realized through reductions in contractual services, supplies, and materials, travel, and maintaining vacancies.	\$20,573,000	\$11,891,000	(\$622,800)
The information technology reduction is associated with a rate reduction charged by the Department of Information Technology for services provided to the Department of Agriculture.			
Animal Health and Welfare .....			(\$70,000)
Management Services.....			(\$47,400)
Pesticide and Plant Pest Management .....			(\$190,000)
Executive Direction.....			(\$88,400)
Statistical Reporting Service .....			(\$6,600)
Emergency Management .....			(\$146,500)
Information Technology .....			(\$73,900)
Total.....			\$622,800
<b>2. Local Conservation Districts Grants.</b> Base grant funding is reduced from \$20,000 per district to \$19,200 per district.	1,580,000	1,580,000	(63,200)
<b>3. Funding Shifts.</b> Savings are realized through funding shifts that replace GF/GP appropriations with an equal amount of restricted revenue. The Executive Order reflects the GF/GP appropriation reductions while the restricted revenue appropriations are contained in the proposed supplemental appropriation.	17,223,500	7,434,600	(285,000)
Pesticide and Plant Pest Management .....			(\$150,000)
Laboratory Services .....			(\$135,000)
<b>TOTAL CHANGE:</b>			<b>(\$971,000)</b>

## EXECUTIVE ORDER 2005-03

### DEPARTMENT OF ATTORNEY GENERAL

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Attorney General Operations.</b> This line item funds general operation costs of the Department of Attorney General, including 518.0 FTE positions. The Executive Order would reduce that line item by 0.7% Gross and 1.3% GF/GP.	\$57,219,100	\$28,145,800	(\$379,500)
<b>2. Information Technology Services and Projects.</b> Reductions to this line item will be achieved through reduced overhead charges by the Department of Information Technology, negotiated contract reductions, telecommunication rate reductions, and data center rate reductions. The Department states that the above reductions will be achieved through efficiencies, not service reductions. Savings also will be attained through the reduction of costs related to the Master Computer Contract by reducing equipment purchases.	845,100	845,100	(71,500)
<b>TOTAL CHANGE:</b>			<b>(\$451,000)</b>

## EXECUTIVE ORDER 2005-03

### DEPARTMENT OF CIVIL RIGHTS

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Civil Rights Operations.</b> The reduction would be partially offset by the Governor's proposed \$115,800 supplemental for the Department of Civil Rights. The available Federal funding is related to case production by the Department. Housing and Urban Development funding accounts for \$65,800 of the supplemental and \$50,000 is from Equal Employment Opportunity Commission antidiscrimination agency contracts.	\$11,587,500	\$10,653,500	(\$155,800)
<b>2. Information Technology Services and Projects.</b> Reductions to this line item will be achieved through reduced overhead charges by the Department of Information Technology, negotiated contract reductions, telecommunication rate reductions, and data center rate reductions. The Department states that the above reductions will be achieved through efficiencies, not service reductions. Savings also will be attained through the reduction of costs related to the Master Computer Contract by reducing equipment purchases.	821,900	821,900	(35,700)
<b>TOTAL CHANGE:</b>			<b>(\$191,500)</b>

## EXECUTIVE ORDER 2005-03

### DEPARTMENT OF CIVIL SERVICE

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
1. <b>Agency Services.</b> Savings will be attained through vacancies and administrative efficiencies.	\$5,976,600	\$2,091,800	(\$20,000)
2. <b>Human Resources/Administrative Support.</b> Savings will be attained through vacancies and administrative efficiencies.	14,347,200	4,175,100	(110,000)
3. <b>Audit and Compliance.</b> Savings will be attained through vacancies and administrative efficiencies.	2,398,000	650,000	(74,100)
4. <b>Information Technology Services and Projects.</b> Reductions to this line item will be achieved through reduced overhead charges by the Department of Information Technology, negotiated contract reductions, telecommunication rate reductions, and data center rate reductions. The Department states that the above reductions will be achieved through efficiencies, not service reductions. Savings also will be attained through the reduction of costs from the Master Contract by reducing equipment purchases.	3,852,200	755,200	(25,200)
<b>TOTAL CHANGE:</b>			<b>(\$229,300)</b>

## EXECUTIVE ORDER 2005-03

### COMMUNITY COLLEGES

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. College Operations.</b> A 1.87% across-the-board reduction to college operations. The reductions are to be offset by a corresponding supplemental appropriation of \$100 million for Capital Outlay special maintenance projects at colleges and universities, \$16.4 million of which will be dedicated to community colleges based on each college's proportion of State Aid for operations.	\$280,024,300	\$280,024,300	(\$4,919,600)
<b>TOTAL CHANGE:</b>	<b>\$280,024,300</b>	<b>\$280,024,300</b>	<b>(\$4,919,600)</b>

# EXECUTIVE ORDER 2005-03

## DEPARTMENT OF COMMUNITY HEALTH

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Mental Health and Substance Abuse Program Administration.</b> The Executive Order would reduce contracts and eliminate two positions.	\$11,379,700	\$8,452,300	(\$409,600)
<b>2. Protection and Advocacy Services Support.</b> The Executive Order would reduce the amount of the contract, which provides protection and advocacy services to mental health clients.	777,400	777,400	(31,000)
<b>3. Office of Drug Control Policy.</b> There would be a reduction in CSS&M in this unit.	2,040,800	365,800	(40,000)
<b>4. Community Mental Health Services Programs (CMHSPs), Purchase of State Services Contracts.</b> Term-limited employees in State hospitals and centers would be terminated and other unspecified actions would be taken to reduce overtime costs. The proposed supplemental would shift \$1,400,000 from the mental health risk pool set-aside to alleviate the affects of this Executive Order reduction.	120,746,800	120,746,800	(2,330,000)
<b>5. Medical Services Administration.</b> Funding for seven vacancies would be removed and \$40,000 in CSS&M reductions would be made.	47,398,100	16,348,500	(250,000)
<b>6. Children's Special Health Care Services Program Administration.</b> Funding for one vacancy would be removed and administrative funding would be reduced by 3.7%.	4,319,700	2,183,200	(80,000)
<b>7. Departmental Administration and Management.</b> Funding for vacancies would be eliminated and CSS&M would be reduced. This reduction would be mitigated through a shift of \$137,000 in Restricted Health Professions revenue in the proposed supplemental.	22,498,700	13,627,900	(315,100)
<b>8. Public Health Executive Administration.</b> A reduction in CSS&M is proposed.	1,667,900	1,386,400	(20,000)
<b>9. Health System Administration.</b> The Executive Order includes elimination of unspecified contracts in this unit.	18,266,900	4,614,300	(150,000)
<b>10. Immunization Local Agreements.</b> GF/GP funding for vaccines would be supplanted by an equal amount of Restricted revenue related to the sale of Bioport, which is part of the proposed supplemental.	14,010,300	2,832,100	(500,000)
<b>11. Sexually Transmitted Disease Control Management and Field Support.</b> Funding for one vacancy would be removed.	3,482,600	1,096,900	(75,000)



<b>12. Laboratory Services.</b> Funding for an unspecified number of vacancies would be removed.	14,380,400	6,868,700	(134,000)
<b>13. Epidemiology Administration.</b> Savings would be achieved from a position downgrade and other administrative support reductions.	6,233,600	1,831,100	(75,000)
<b>14. Family, Maternal, and Children's Health Services Administration.</b> Contracts and CSS&M would be reduced.	4,581,200	2,268,700	(75,000)
<b>15. Office of Services to the Aging Administration.</b> Contracts and CSS&M would be reduced.	4,952,400	1,905,300	(49,800)
<b>16. Local Public Health Operations.</b> A 4% reduction in operations funding is proposed effective May 1, 2005.	40,618,400	40,618,400	(677,000)
<b>17. Information Technology.</b> An unspecified set of reductions in information technology projects is proposed.	30,481,900	9,948,800	(730,000)
<b>TOTAL CHANGE:</b>			<b>(\$5,941,500)</b>

# EXECUTIVE ORDER 2005-03

## DEPARTMENT OF CORRECTIONS

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Reduce Security Levels at Five Facilities.</b>	\$158,316,600	\$157,545,500	(\$2,871,900)
Bellamy Creek – Ionia .....	(\$583,700)		
Boyer Road – Carson City .....	(\$836,500)		
Ojibway – Marenisco .....	(\$493,300)		
Mound – Detroit .....	(\$725,800)		
Ryan – Detroit .....	(\$232,600)		
<b>2. Facility Closures.</b> Closing the following camps/units would close approximately 325 occupied beds as well as 160 funded, but empty, beds.	96,077,900	95,588,400	(3,141,800)
Mangum Farm Barracks - Marquette .....	(\$1,044,000)		
(Marquette Correctional Facility)			
Camp Tuscola – Caro .....	(\$1,377,000)		
(Thumb Correctional Facility)			
Camp Sauble –Freesoil .....	(\$736,200)		
(Oaks Correctional Facility)			
<b>3. Eliminate Conditional Reintegration Program (CRP II) Funding.</b> Eliminating this under-utilized community supervision program would save \$1,949,800 in Field Operations and \$1,705,900 in Electronic Monitoring.	144,517,500	128,923,400	(3,655,700)
<b>4. Workers Compensation Savings.</b> Adjust to reflect savings due to lower premiums.	20,277,000	20,277,000	(1,600,000)
<b>5. Hospital and Specialty Care Services.</b> Adjust to reflect administrative efficiencies in the health care managed care contract achieved through cooperation between the DOC and Correctional Medical Services.	59,875,200	59,875,200	(1,698,200)
<b>6. Central Office Staffing.</b> Eliminate vacant positions.	31,646,300	30,878,000	(1,118,700)
<b>7. Training.</b> Decreasing training to reflect an anticipated surplus will save \$368,100. Closing the DeMarse Training Academy in the former School for the Blind and moving training to the Michigan State Police training facility will provide an additional savings of \$300,000.	4,337,100	3,677,000	(668,100)
<b>8. Jackson Area Support and Services.</b> This would eliminate the centralized Jackson Food Production Kitchen shared by Jackson facilities.	17,726,800	15,022,700	(720,900)
<b>9. Community Corrections.</b> Reduce lines with any remaining grant funds not yet obligated.	13,083,000	13,083,000	(111,000)
<b>10. Prison Food Services.</b> Eliminate coffee from prisoner food services.	Various Lines	Various Lines	(250,000)

<b>11. Centralize Field Operations Business Office.</b> Accounting functions currently done in three regional offices will be moved to the central office.	138,328,400	123,127,900	(239,500)
<b>12. Facility Business and Personnel Operations.</b> The DOC will consolidate the business and personnel offices of the facilities located in Muskegon, St. Louis, Detroit, and Kincheloe.	Various Lines	Various Lines	(445,600)
<b>13. DIT Savings.</b> Savings achieved through maintenance contract revisions for Academic/Vocational Program computers.	14,789,900	14,280,400	(400,000)
<b>14. Eliminate High Security Pay at Riverside.</b> The security level of the facility was previously reduced from a Level 4 to a Level 2; however the line was not adjusted to reflect the decrease in salaries related to high security pay.	44,411,200	44,179,400	(196,400)
<b>15. Parole/Probation Supervision Fees.</b> The increased collection rate of parole and probation supervision fees will provide additional state restricted revenue in the accompanying supplemental and will allow an equivalent GF/GP reduction.	138,328,400	123,127,900	(1,000,000)
<b>16. Statewide Information Technology Reductions.</b>	14,789,900	14,280,400	(567,900)
<b>TOTAL CHANGE:</b>			<b>(\$18,685,700)</b>

# EXECUTIVE ORDER 2005-03

## DEPARTMENT OF EDUCATION

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Contractual Services, Supplies, and Maintenance (CSS&amp;M) Reductions.</b> Reductions in CSS&M funding in three units are proposed as follows:	\$9,582,300	\$2,851,800	(\$115,000)
Central Support .....			(\$50,000)
Early Childhood/Family Services .....			(\$50,000)
State Board/Superintendent Operations .....			(\$15,000)
<b>2. Fund Shifts.</b> General Fund reductions are proposed in two units, with supplemental appropriations of the same amounts proposed in the supplemental:	6,080,500	1,695,100	(186,000)
School Finance/School Law .....			(\$21,000)
Early Childhood/Family Services .....			(\$165,000)
<b>3. Information Technology Rate Reductions.</b> The Department of Information Technology is reducing the rate it charges to departments (but not reducing services), saving \$32,000 for the Department of Education.	2,521,800	815,900	(32,000)
<b>TOTAL CHANGE:</b>			<b>(\$333,000)</b>

# EXECUTIVE ORDER 2005-03

## DEPARTMENT OF ENVIRONMENTAL QUALITY

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Financial and Business Services.</b> A General Fund reduction is applied to the salaries and fringe benefits line for this program.	\$1,387,800	\$388,700	\$34,500
<b>2. Information Technology.</b> A General Fund reduction is applied to this line to reflect reduced rates charged by the Department of Information Technology.	6,743,300	911,900	110,800
<b>3. Pollution Prevention and Technical Assistance.</b> A General Fund reduction is applied to the salaries and fringe benefits, travel, and other operational expenses lines for this program.	4,803,400	209,600	159,600
<b>4. Water Management – Dam Safety Elimination.</b> A General Fund reduction is applied to the salaries and fringe benefits line for this program. The savings will result from elimination of the dam safety program, which reviews dam construction plans and inspects existing dams.	2,276,400	849,300	180,900
<b>5. Radiological Protection Program.</b> A General Fund reduction is applied to salaries and fringe benefits and other operational expenses.	1,536,400	646,400	132,200
<b>6. Radon Grants.</b> The grants are used by local health departments for radon outreach and education activities, distribution of radon kits, and mapping test results. All of the General Fund support for this grant program is removed. Federal funding of \$90,000 remains. A 50% match requirement will be met with resources in other line items.	134,300	44,300	44,300
<b>7. Fund Shift for Building Occupancy Charges.</b> A General Fund reduction for BOC will be replaced with a supplemental appropriation of air emissions fees.	7,274,200	1,472,800	150,000
<b>8. Fund Shift for Rent.</b> A General Fund reduction for Rent will be replaced with a supplemental appropriation of air emissions fees.	1,836,900	489,400	50,000

<b>9. Fund Shift for Laboratory Services.</b> All of the General Fund appropriated for salaries and fringe benefits, travel, and other operational expenses of Laboratory Services will be replaced with a supplemental appropriation of interdepartmental transfers (IDT) from other programs in the Department that use the laboratory functions. For example, soil sample testing for cleanup sites will be charged to specific site budgets instead of supporting them with General Fund dollars. Most of the IDT funding will come from work projects for cleanup sites established in previous fiscal years.	6,120,800	684,000	684,000
<b>10. Partial Fund Shift for Air Quality Programs.</b> A General Fund reduction for salaries and fringe benefits and travel within air quality programs will be partially replaced with a supplemental appropriation of \$100,000 from the Oil and Gas Regulatory Fund.	19,088,600	3,003,600	165,000
<b>11. Fund Shift for Field Permitting.</b> A General Fund reduction for salaries and fringe benefits of Geological and Land Management permitting will be replaced with a supplemental appropriation of land and water permit fees.	5,731,700	3,004,900	100,000
<b>12. Fund Shift for Hazardous Waste Management.</b> A General Fund reduction for salaries and fringe benefits of the hazardous waste program will be replaced with supplemental appropriations of \$50,000 from the Hazardous Materials Transportation Permit Fund and \$200,000 from the Environmental Pollution Prevention Fund.	4,085,600	694,500	250,000
<b>13. Partial Fund Shift for Environmental Investigations.</b> A General Fund reduction for salaries and fringe benefits and other operational expenses in Environmental Investigations will be partially replaced with supplemental appropriations totaling \$388,600 from the Oil and Gas Regulatory Fund (\$186,800) and the Scrap Tire Regulatory Fund (\$201,800).	2,099,300	1,477,500	478,600
<b>TOTAL CHANGE:</b>			<b>\$2,539,900</b>

# FY 2004-05 EXECUTIVE ORDER 2005-03

## FAMILY INDEPENDENCE AGENCY

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Administrative Efficiencies.</b> Changes based on efficiencies in administrative appropriations:	\$154,731,200	\$43,053,000	(\$6,281,900)
Worker's Compensation ..... \$495,200 Administration decreased estimate regarding need			
AFC, Children Welfare and Day Care Licensure ..... \$2,000,000 Estimated reduction in funding need			
Information Technology ..... \$5,382,700 The Department of Information Technology identifies savings based on renegotiated contracts with reduced rates effective April 1, which would result in reduced charges to departments			
Juvenile Justice Field Staff, Administration Maintenance ..... \$304,000 The currently vacant full-time equated positions would not be filled			
Child Care Fund Administration ..... \$100,000 The savings would be achieved through elimination of this line and consolidation of administration activities.			
<b>2. Indigent Burial.</b> An approximately \$37.90 or 4.0% decrease per case in the reimbursement rate based on six month average cases of 2,707.	6,155,500	5,724,600	(102,600)
<b>3. Adoption Support Services.</b> The adoptive parents support and services program would be eliminated, affecting 211 average FTEs effective April 1, 2005.	14,488,300	6,292,600	(91,700)
<b>4. Michigan Housing and Community Development Fund.</b> The elimination of a TANF-supported program for low-income households to help with housing development and security deposits for eligible applicants. This is a fund shift for \$2.0 million in TANF for use in the proposed Supplemental.	2,000,000	0	0

<b>5. Day Care Services.</b> The reimbursement of day care costs and day care services contracts:	491,672,000	185,389,900	(10,000,000)
Cost Reimbursement..... \$10,000,000 An estimated 19,500 eligible new cases would experience a two-pay period (30 day) reimbursement delay .			
Before and After School Program ..... \$0 The TANF funded program is competitively bid in the current year which caused a delay in the distribution process that would result in a \$3.3 million TANF savings.			
<b>6. Legal Support Contracts.</b> The contracts rates for child support legal services would be reduced resulting in a \$3.3 million Gross and \$2.0 million Federal Incentive Payments reduction.	139,819,500	2,922,400	(1,300,000)
<b>7. Food Stamp Reinvestment.</b> The Federal Plan update includes a reduction in the amount of the penalty repayment as well as the penalty and funds reinvestment being spread over an extended number of years.	17,040,400	17,040,400	(6,500,000)
<b>8. Child Support Automation.</b> A shift of Child Support Incentive funds savings (see above # 6) is included in a proposed supplemental to offset this proposed reduction.	52,205,700	8,850,800	(2,000,000)
<b>9. Homeless Shelter Contract.</b> The GF reduction would be offset with TANF funds in a proposed supplemental.	11,646,700	8,733,300	(1,700,000)
<b>10. Child Care Fund.</b> The GF reduction would be offset with TANF funds in a proposed supplemental.	171,337,900	90,200,000	(5,300,000)
<b>TOTAL CHANGE:</b>			<b>(\$33,276,200)</b>



# EXECUTIVE ORDER 2005-03

## HIGHER EDUCATION

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. University Operations.</b> The Executive Order includes a 1.87% across-the-board reduction for the Operations line-items of the 15 public universities, and the reduction amounts are as follows:	\$1,340,754,600	\$1,331,254,600	(\$25,080,400)
Central .....	\$1,403,300		
Eastern.....	\$1,357,400		
Ferris.....	\$859,900		
Grand Valley .....	\$1,016,800		
Lake Superior .....	\$222,900		
Michigan State .....	\$5,049,100		
Michigan Tech .....	\$855,600		
Northern.....	\$803,700		
Oakland .....	\$844,800		
Saginaw Valley .....	\$459,000		
UM-Ann Arbor.....	\$5,631,100		
UM-Dearborn .....	\$433,600		
UM-Flint .....	\$372,800		
Wayne State .....	\$3,823,800		
Western.....	\$1,946,600		
Total.....	\$25,080,400		
As an offset to these University Operations reductions, a Capital Outlay supplemental is recommended that would provide \$83.6 million in State Building Authority bond funds to the 15 public universities for special maintenance projects.			
<b>2. Agricultural Experiment Station.</b> The Executive Order includes a 2.5% reduction for this agricultural research program that is based at Michigan State University.	33,163,800	33,163,800	(823,500)
<b>3. Cooperative Extension Service.</b> The Executive Order includes a 5.8% reduction for this agricultural outreach program that is based at Michigan State University, and has extension agents that are assigned to all 83 counties in Michigan.	28,604,300	28,604,300	(1,647,100)
<b>TOTAL CHANGE:</b>			<b>(\$27,551,000)</b>

## EXECUTIVE ORDER 2005-03

### DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Administrative Savings.</b> Reductions due to deferred hiring, reduced travel, reduced library hours, and other operations changes are assigned to the following line items:  Management services .....(\$29,300) Library of Michigan operations .....(\$281,500) This reduction is partially offset by \$100,000 in additional Federal funding in the proposed supplemental.  Michigan Council for Arts and Cultural Affairs -- Administration.....(\$54,800) Film Office .....(\$5,000) Historical administration and services.....(\$92,400)	\$14,099,900	\$13,864,600	(\$463,000)
<b>2. Information Technology Savings.</b> Reflects reductions required in Department of Information Technology charges.	998,600	948,600	(72,300)
<b>3. Grant Reduction.</b> Deletes an allocation of \$91,500 for lighthouse preservation grants within the Historical Administration and Services line.	91,500	91,500	(91,500)
<b>TOTAL CHANGE:</b>			<b>(\$626,800)</b>

## EXECUTIVE ORDER 2005-03

### DEPARTMENT OF INFORMATION TECHNOLOGY

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Information technology services and projects.</b> Approximately \$4.4 million of the reductions to the Department of Information Technology will be achieved through reduced overhead charges by the Department of Information Technology, negotiated contract reductions, telecommunication rate reductions, and data center rate reductions. The Department states that the above reductions will be achieved through efficiencies, not service reductions. Another \$2.0 million in savings will be attained through the reduction of expenditures under the Master Computing Contract. The balance of the reductions was developed by State departments.	\$340,599,300	\$0	0*
<b>TOTAL CHANGE:</b>			<b>\$0</b>

\* The appropriations to the Department of Information Technology are funded by interdepartmental grants from State departments to receive information technology services from the Department of Information Technology. Executive Order reductions by funding source are reflected in information technology Executive Order reductions for State departmental budgets. The interdepartmental grant reduction in the Department of Information Technology budget totals \$10,244,300.

# EXECUTIVE ORDER 2005-03

## DEPARTMENT OF LABOR AND ECONOMIC GROWTH

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Administrative Savings.</b> Reductions in operating costs are assigned to the following line items:	\$280,403,900	\$39,420,700	(\$649,700)
Policy Development.....			(\$4,700)
Commission for the Blind .....			(\$50,000)
Administrative Services .....			(\$40,000)
Employment Training Services .....			(\$135,000)
Michigan Career and Technical Institute .....			(\$20,000)
Job Training Program Subgrantees .....			(\$10,000)
Economic Development Job Training Grants .....			(\$250,000)
Job Creation Services .....			(\$140,000)
<b>2. Tax Tribunal Operations.</b> Administrative savings of \$306,900 are replaced by a shift of Corporation Fee revenue which is included in the proposed supplemental.	1,371,300	306,900	(306,900)
<b>3. Code Enforcement and Fire Safety.</b> Administrative savings of \$95,100 are replaced by a shift of Construction Code Fund revenue which is included in the proposed supplemental.	16,501,800	95,100	(95,100)
<b>4. Liquor Licensing and Enforcement—General Fund Lapse.</b> Administrative savings of \$932,300 reduce the need for monies from the Liquor Purchase Revolving Fund, generating a projected lapse to the General Fund of \$932,300.	11,587,700	0	0
<b>TOTAL CHANGE:</b>			<b>(\$1,051,700)</b>

## EXECUTIVE ORDER 2005-03

### DEPARTMENT OF MANAGEMENT AND BUDGET

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
1. <b>Administrative Services.</b> Savings will result from administrative efficiencies.	\$5,960,600	\$972,900	(\$45,000)
2. <b>Budget and Financial Management.</b> Savings will result from maintaining vacancies.	9,926,600	7,982,500	(508,000)
3. <b>Office of the State Employer.</b> Savings will result from administrative efficiencies.	2,604,800	783,800	(52,700)
4. <b>Information Technology Services and Projects.</b> Reductions to this line item will be achieved through reduced overhead charges by the Department of Information Technology, negotiated contract reductions, telecommunication rate reductions, and data center rate reductions. The Department states that the above reductions will be achieved through efficiencies, not service reductions. Savings also will be attained through the reduction of costs from the Master Contract by a reduction in equipment purchases. The Department of Management and Budget (DMB) reduction also includes savings from postponing application development.	25,506,100	15,419,700	(1,072,900)
5. <b>Other Items.</b> The Executive Order includes language that will result in \$8,087,200 in statewide General Fund lapses in FY 2004-05:  Requires the DMB to reduce building occupancy General Fund expenditures by \$360,000 and reduce procurement card restricted fund expenditures by \$370,000.  Requires the DMB (pursuant to State Employer and Union agreement) to reduce the Child Care Information and Referral Services fund balance to \$0 by depositing \$1,254,400 in the State General Fund and returning \$1,265,500 of State Restricted and Federal funds to State agencies.  Requires the DMB (pursuant to State Employer and Union agreement) to reduce the UAW Severance Pay fund balance to \$0 by depositing the unexpended portion of \$1,102,800 to the State General Fund and returning the unexpended portion of \$1,404,700 of State Restricted and Federal funds to State agencies.  Requires the DMB to reduce statewide contractual General Fund expenditures by \$5,000,000.			
<b>TOTAL CHANGE:</b>			<b>(\$1,678,600)</b>

**FY 2004-05 EXECUTIVE ORDER 2005-03**

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

<b>Program</b>	<b>Year-To-Date Gross Appropriation</b>	<b>Year-To-Date GF/GP Appropriation</b>	<b>FY 2004-05 GF/GP Change</b>
<b>1. Headquarters and Armories.</b> Reduction in costs related to salary and wage expenditures.	\$9,562,200	\$6,901,100	(\$185,000)
<b>2. Military Training Sites and Support Facilities.</b> Reduction in costs related to salary and wage expenditures of \$316,500 and a fund shift from GF/GP to Federal funds of \$200,000 in the National Guard Tuition Program due to a change in the federal match.	17,513,300	2,784,600	(516,500)
<b>3. Information Technology Services and Projects.</b> Reduction due to a decrease in rates to agencies.	1,172,000	413,500	(12,600)
<b>TOTAL CHANGE:</b>			<b>(\$714,100)</b>

## EXECUTIVE ORDER 2005-03

### DEPARTMENT OF NATURAL RESOURCES

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. General Law Enforcement.</b> A General Fund reduction is composed of \$217,300 in savings related to salaries and wages and \$90,800 in savings related to the reduction of expenses for contracts and supplies.	\$23,841,300	\$2,977,400	\$308,100
<b>2. Commercial Forest Reserves.</b> This payment in lieu of taxes has already been disbursed to local units of government for FY 2004-05. The General Fund reduction will remove funds that will lapse at the end of the fiscal year.	2,691,700	2,691,700	29,100
<b>3. Information Technology.</b> A General Fund reduction is applied to this line to reflect reduced rates charged by the Department of Information Technology.	8,603,800	1,285,200	46,100
<b>TOTAL CHANGE:</b>			<b>\$383,300</b>

## EXECUTIVE ORDER 2005-03

### SCHOOL AID

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
1. <b>School Aid Fund General Fund Grant.</b> The GF/GP grant to the School Aid Fund is reduced. This reduction is offset by the additional available revenues of \$74.1 million from the School Aid Stabilization Fund and \$41.1 million made available from the restructuring of the School Bond Loan Fund debt service payments.	\$12,527,440,100	\$264,700,000	(\$99,500,000)
<b>TOTAL CHANGE:</b>			<b>(\$99,500,000)</b>



# EXECUTIVE ORDER 2005-03

## DEPARTMENT OF STATE

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
1. <b>Operations (Regulatory).</b> This item funds the Bureau of Driver Safety, the Bureau of Legal Services, and the Bureau of Automotive Regulation.	\$20,806,900	\$335,900	(\$10,000)
2. <b>Branch Operations.</b> This item funds the operation of branch offices.	66,719,900	12,627,300	(412,000)
3. <b>Central Records.</b> This item funds the record keeping activities of the Department (driver records, vehicle records, financing statements, Uniform Commercial Code responsibilities, and the Office of the Great Seal.	14,704,500	409,800	(12,200)
4. <b>Customer Services Administration.</b> This item supports various functions that are not performed by the branch offices.	16,555,200	655,900	(25,400)
5. <b>Building Occupancy Charges/Rent.</b> This item is being reduced based on efficiencies to be achieved by all State departments.	9,513,000	2,495,700	(74,200)
6. <b>Worker's Compensation.</b> This item is based on projected premium costs.	727,000	207,100	(6,200)
7. <b>Information Technology Services and Projects.</b> Reductions to this line item will be achieved through reduced overhead charges by the Department of Information Technology, negotiated contract reductions, telecommunication rate reductions, and data center rate reductions. The Department states that the above reductions will be achieved through efficiencies, not service reductions. Savings will also be attained through the reduction of costs from the Master Contract by a reduction in equipment purchases.	21,954,700	1,877,400	(69,400)
<b>TOTAL CHANGE:</b>			<b>(\$609,400)</b>

**FY 2004-05 EXECUTIVE ORDER 2005-03**

**DEPARTMENT OF STATE POLICE**

<b>Program</b>	<b>Year-To-Date Gross Appropriation</b>	<b>Year-To-Date GF/GP Appropriation</b>	<b>FY 2004-05 GF/GP Change</b>
<b>1. Criminal Investigations.</b> Reduction in costs related to salary and wage expenditures.	\$32,558,100	\$31,330,200	(\$1,493,000)
<b>2. Criminal Justice Information Center Division.</b> Reduction in costs related to salary and wage expenditures.	7,533,100	1,331,800	(63,200)
<b>3. Fire Investigation.</b> Reduction in costs related to salary and wage expenditures.	3,555,200	3,555,200	(125,800)
<b>4. Human Resources.</b> Reduction in costs related to salary and wage expenditures.	2,170,900	1,696,900	(64,800)
<b>5. Uniform Services.</b> Reduction in costs related to salary and wage expenditures.	47,701,300	46,034,400	(555,000)
<b>6. DNA Analysis Program.</b> GF/GP fund shift. A Governor-recommended FY 2004-05 supplemental appropriation would provide a restricted revenue source of funds (Forensic Science Reimbursement Fee) in an amount equal to the E.O. reduction, resulting in a fund shift but not a net reduction for the program.	8,529,200	3,298,500	(225,000)
<b>7. At-Post Troopers.</b> GF/GP fund shift. A Governor-recommended FY 2004-05 supplemental appropriation would provide a restricted revenue source of funds (Highway Safety Fund) in an amount equal to the E.O. reduction, resulting in a fund shift but not a net reduction for the program.	117,432,600	72,532,200	(387,000)
<b>8. Information Technology Services and Projects.</b> Reduction due to a decrease in rates to agencies.	21,236,100	17,248,700	(541,200)
<b>TOTAL CHANGE:</b>			<b>(\$3,455,000)</b>

# EXECUTIVE ORDER 2005-03

## DEPARTMENT OF TREASURY

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
1. <b>Worker's Compensation Insurance Premium.</b> This adjustment is based on projected premium costs.	\$541,300	\$166,900	(\$166,900)
2. <b>Local Finance.</b> This reduction would be offset by \$143,200 in available Municipal Finance Fee revenue under the Governor's proposed supplemental.	2,099,300	1,345,300	(143,200)
3. <b>Human Resources Optimization User Charges.</b> This reduction would be offset by \$44,300 in Delinquent Property Tax Collection Revenue under the Governor's proposed supplemental.	44,300	44,300	(44,300)
4. <b>Student Financial Assistance Programs.</b> This line item supports administration of the Michigan Education Trust, the Tuition Incentive Program, the Michigan Education Assistance Program, the Postsecondary Access Student Scholarship Program, the Higher Education Student Loan Authority, the Higher Education Assistance Authority, and the Michigan Guaranty Agency.	34,232,900	1,640,800	(200,000)
5. <b>Personal Property Tax Auditors.</b> This funding was to fund State employees or contractors under the Department of Treasury's supervision to perform personal property tax audits.	3,500,000	3,500,000	(3,500,000)
6. <b>Information Technology Services and Projects.</b> Reductions to this line item will be achieved through reduced overhead charges by the Department of Information Technology, negotiated contract reductions, telecommunication rate reductions, and data center rate reductions. The Department states that the above reductions will be achieved through efficiencies, not service reductions. Savings will also be attained through the reduction of costs from the Master Contract by a reduction in equipment purchases.	16,602,300	5,072,200	(549,800)
7. <b>Other Items.</b> The Executive Order also includes language requiring the Department of Treasury to reduce contract collection costs by \$1 million and thereby increase revenue from collections that will be deposited in the State General Fund. The annual appropriation bill includes language authorizing the Department of Treasury to contract with private agencies to collect taxes and other accounts due to the State (Section 903 of 2004 PA 327).			
<b>TOTAL CHANGE:</b>			<b>(\$4,604,200)</b>

**APPENDIX B:**

**FY 2004-05**

**SUPPLEMENTAL**

**FY 2004-05 SUPPLEMENTAL**  
**DEPARTMENT OF AGRICULTURE**

<b>Program</b>	<b>Year-To-Date Gross Appropriation</b>	<b>Year-To-Date GF/GP Appropriation</b>	<b>FY 2004-05 GF/GP Change</b>
<b>1. Pesticide and Plant Pest Management.</b> This provides \$150,000 additional restricted revenue appropriations to replace an equal amount of GF/GP appropriations reduced in the Executive Order 2005-03.	\$12,184,900	\$4,588,800	\$0
<b>2. Laboratory Services.</b> This provides \$135,000 additional restricted revenue appropriations to replace an equal amount of GF/GP appropriations reduced in the Executive Order 2005-03.	5,038,600	2,845,800	0
<b>3. Information Technology.</b> This appropriation replaces \$692,500 in GF/GP appropriations with an equal amount of restricted revenue appropriations from the State Services Fee Fund (casino revenue) for support of the Department's information technology projects. The additional restricted revenue is available from a funding shift associated with the Building and Track Improvement – County and State Fairs line item (see item #4 below).	1,589,600	1,325,200	(692,500)
<b>4. Building and Track Improvement – County and State Fairs.</b> This appropriation replaces \$692,500 in restricted revenue appropriations from the State Services Fee Fund with an equal amount of available, but unappropriated, restricted revenue in the Michigan Agriculture Equine Industry Development Fund (horse racing tax revenue).	963,200	963,200	0
<p>The funding shift is necessary to make available the State Services Fee Fund revenue, which is used to affect GF/GP savings in the Information Technology program (see item #3 above).</p>			
<b>TOTAL CHANGE:</b>			<b>(\$692,500)</b>

## FY 2004-05 SUPPLEMENTAL

### CAPITAL OUTLAY

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. College and University Special Maintenance.</b> The recommendation provides a \$100 million authorization for special maintenance projects at Colleges and Universities, financed through bonds issued by the State Building Authority. Funds would be reimbursed to institutions based on the proportion of their FY 2004-05 enacted appropriations for operations. The size of the special maintenance awards would range from \$742,900 at Lake Superior State University to \$18,770,400 at the University of Michigan, and from \$123,800 at West Shore Community College to \$1,787,000 at Macomb Community College. The recommendation specifies that the projects would have to be limited to existing facilities, and would have to be at least \$100,000 in scope at universities, and \$10,000 in scope at community colleges. Projects would have to be completed by the end of 2007 to be eligible for reimbursement, and are eligible retroactively to October 1, 2004. Debt service for the \$100 million authorization, once fully implemented, is expected to be \$10 million a year for 12 to 15 years.	N/A	N/A	\$100
<b>TOTAL CHANGE:</b>			<b>\$ 100</b>

**FY 2004-05 SUPPLEMENTAL**  
**DEPARTMENT OF CIVIL RIGHTS**

<b>Program</b>	<b>Year-To-Date Gross Appropriation</b>	<b>Year-To-Date GF/GP Appropriation</b>	<b>FY 2004-05 GF/GP Change</b>
<b>1. Civil Rights operations.</b> This supplemental would offset \$115,800 in General Fund reductions contained in the Governor's proposed Executive Order. The available Federal funding is related to case production by the Department. Housing and Urban Development funding accounts for \$65,800 of the supplemental and \$50,000 is from Equal Employment Opportunity Commission antidiscrimination agency contracts.	\$11,587,500	\$10,653,500	\$0
<b>TOTAL CHANGE:</b>			<b>\$0</b>

# FY 2004-05 SUPPLEMENTAL

## DEPARTMENT OF COMMUNITY HEALTH

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. 4% Provider Rate Reductions.</b> Medicaid providers, with the exception of health maintenance organizations, would have their rates reduced by 4% effective May 1, 2005.	\$4,015,707,800	\$801,761,400	(\$18,636,300)
<b>2. Medicaid and CSHCS Base Shortfall.</b> The supplemental would fund the FY 2004-05 shortfall for Medicaid and Children's Special Health Care Services (CSHCS).	6,170,936,600	1,226,969,200	39,814,900
<b>3. State Restricted and Local Revenue to Offset General Fund.</b> General Fund spending would be offset by funding from the following sources:  Medicaid Benefits Trust Fund ..... \$25,900,000 CSHCS Parent Pay Agreement ..... \$450,000 Adolescent Health Center Local Match..... \$3,665,000 Buspar Lawsuit Settlement Funds ..... \$3,000,000	N/A	N/A	(33,015,000)
<b>4. Disproportionate Share Payments, Hospital DSH.</b> The University of Detroit and Wayne State University would receive payments through DSH to provide dental and mental health services. These payments would offset current General Fund support for health services through these two institutions.	50,000,000	11,945,000	0
<b>5. Mental Health Provider Assessment.</b> The State would assess a 6% provider tax upon local Community Mental Health (CMH) agencies; \$6 million from this assessment would offset General Fund efforts and the remainder of collected revenue would be used to draw Federal funding for use in a rate increase.	1,414,985,200	583,047,000	(6,000,000)
<b>6. CMHSP, Purchase of State Services Contracts.</b> Mental health risk pool dollars (\$1,400,000) would be allocated to offset administrative reductions made to State psychiatric facilities in Executive Order 2005-03.	120,746,800	120,746,800	0
<b>7. Public Health Restricted Revenues.</b> General Fund support for Public Health would be replaced by restricted funding outlined below:  Health Professions Regulatory Funds..... \$137,000 Pharmaceutical Product Fund..... \$500,000	36,509,000	16,460,000	0
<b>TOTAL CHANGE:</b>			<b>(\$17,836,400)</b>



**FY 2004-05 SUPPLEMENTAL**  
**DEPARTMENT OF CORRECTIONS**

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Close Corrections Centers.</b> This includes closing the corrections centers in Benton Harbor and Saginaw. Due to a dwindling population of eligible offenders sentenced prior to Truth in Sentencing, the use of this community supervision program and the need for corrections center beds has dropped to an all time low. The DOC will still operate one remaining center in Grand Rapids.	\$9,283,000	\$7,796,700	(\$589,100)
<b>2. Michigan Youth Correctional Facility.</b> This proposal would cancel the contract between the DOC and the GEO corporation, formerly of Wackenhut, to house and manage youthful offenders at the Michigan Youth Correctional Facility in Baldwin as of June 1, 2005. The prisoners would be housed in DOC facilities instead.	18,840,700	18,840,700	(5,893,100)
<b>3. Parole/Probation Supervision Fees.</b> The increased collection rate of parole and probation supervision fees would provide additional state restricted revenue and would allow an equivalent GF/GP reduction in the accompanying Executive Order.	138,328,400	123,127,900	0
<b>4. Facility Changes.</b> The supplemental would eliminate funding for 480 beds in the A and B units at the Charles Egeler facility in Jackson. It would reallocate the funding to open 976 beds in multiple facilities by adding one bed to all open bay cubicles, which currently hold six beds. This would create the additional bed space needed to transfer the youthful offenders from the Michigan Youth Correctional facility to DOC facilities. The facility appropriation changes would include the following:	Various Lines	Various Lines	0
Inmate Housing Fund ..... \$86,400 G. Robert Cotton – Jackson ..... \$122,800 Parnall – Jackson ..... \$40,900 Gus Harrison – Adrian ..... \$638,400 Lakeland – Coldwater ..... \$536,000 Pine River – St. Louis ..... \$638,400 Riverside – Ionia ..... \$638,400 St. Louis – St. Louis..... \$638,400 Charles E. Egeler – Jackson ..... (\$3,339,700)			
<b>TOTAL CHANGE:</b>			<b>(\$6,482,200)</b>

**FY 2004-05 SUPPLEMENTAL**  
**DEPARTMENT OF EDUCATION**

<b>Program</b>	<b>Year-To-Date Gross Appropriation</b>	<b>Year-To-Date GF/GP Appropriation</b>	<b>FY 2004-05 GF/GP Change</b>
<b>1. Early Childhood Education and Family Services Operations Certification Fees Fund Shift.</b> A \$165,000 GF/GP reduction in Executive Order 2005-03 is restored with restricted Certification Fees in the proposed supplemental.	\$3,616,100	\$932,200	\$0
<b>2. School Finance and School Law Operations Federal Revenues Fund Shift.</b> A \$21,000 GF/GP reduction in Executive Order 2005-03 is restored with Federal revenues in the proposed supplemental.	2,464,400	762,900	0
<b>TOTAL CHANGE:</b>			<b>\$0</b>

## FY 2004-05 SUPPLEMENTAL

### DEPARTMENT OF ENVIRONMENTAL QUALITY

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Building Occupancy Charges.</b> Air emission fees of \$150,000 would offset a General Fund reduction.	\$7,274,200	\$1,472,800	\$0
<b>2. Rent.</b> Air emission fees of \$50,000 would offset a General Fund reduction.	1,836,900	489,400	0
<b>3. Laboratory Services.</b> Interdepartmental transfers would offset a General Fund reduction of \$684,000 for salaries and fringe benefits, travel, and other operational expenses. Most of this funding would come from attributing lab costs to work projects for cleanup sites established in previous fiscal years. The supplemental bill would also include language allowing unexpended revenues from this fund source to carryforward into FY 2005-06 since this authority does not exist in statute.	6,120,800	684,000	0
<b>4. Air Quality Programs.</b> A supplemental appropriation of \$100,000 from the Oil and Gas Regulatory Fund would partially offset a General Fund reduction of \$165,000 for salaries and fringe benefits and travel within air quality programs.	19,088,600	3,003,600	0
<b>5. Field Permitting and Technical Assistance.</b> Land and water permit fees would compensate for a General Fund reduction of \$100,000 for salaries and fringe benefits in Geological and Land Management permitting.	5,731,700	3,004,900	0
<b>6. Hazardous Waste Management.</b> Supplemental appropriations of \$50,000 from the Hazardous Materials Transportation Permit Fund and \$200,000 from the Environmental Pollution Prevention Fund would offset a General Fund reduction for salaries and fringe benefits in the hazardous waste program.	4,085,600	694,500	0
<b>7. Environmental Investigations.</b> Supplemental appropriations of \$186,800 from the Oil and Gas Regulatory Fund and \$201,800 from the Scrap Tire Regulatory Fund would partially replace a General Fund reduction for salaries and fringe benefits and other operational expenses in Environmental Investigations.	2,099,300	1,477,500	0
<b>TOTAL CHANGE:</b>			<b>\$0</b>

**FY 2004-05 SUPPLEMENTAL**  
**FAMILY INDEPENDENCE AGENCY**

<b>Program</b>	<b>Year-To-Date Gross Appropriation</b>	<b>Year-To-Date GF/GP Appropriation</b>	<b>FY 2004-05 GF/GP Change</b>
<b>1. Child Support Automation.</b> The availability of \$2.0 million Federal Child Support Incentive Funds would offset a reduction in GF in the proposed Executive Order.	\$52,205,700	\$8,850,800	\$0
<b>2. Homeless Shelter Contracts.</b> The availability of \$1.7 million in TANF funds would offset a reduction in General Fund in the proposed Executive Order.	11,646,700	8,733,300	0
<b>3. Child Care Fund.</b> The availability of \$5.3 million in TANF funds would offset a reduction in General Fund in the proposed Executive Order.	171,337,900	90,200,000	0
<b>TOTAL CHANGE:</b>			<b>\$0</b>

## FY 2004-05 SUPPLEMENTAL

### HIGHER EDUCATION

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Wayne State University Psychiatric Research Program.</b> This negative supplemental eliminates funding for the Joseph F. Young, Sr. Psychiatric Research and Training Program from Wayne State University's Operations appropriation line item. It is recommended that this program be funded in the Department of Community Health, using Disproportionate Share Hospital (DSH) payments instead of GF/GP.	\$5,605,892	\$5,605,892	(\$5,605,892)
<b>2. Dental Clinics Grant.</b> This negative supplemental eliminates the grant for the University of Detroit-Mercy's dental clinics that operate in southeastern Michigan. It is recommended that this program be funded in the Department of Community Health, using Disproportionate Share Hospital (DSH) payments instead of GF/GP.	4,547,000	4,547,000	(4,547,000)
<b>TOTAL CHANGE:</b>			<b>(\$10,152,892)</b>

# FY 2004-05 SUPPLEMENTAL

## DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
1. <b>Library of Michigan Operations.</b> Increases Federal funding by \$100,000. This partially offsets the Executive Order reduction of \$281,500 in GF/GP, for a net reduction in program resources of \$181,500.	\$6,267,300	\$6,267,300	\$0
<b>TOTAL CHANGE:</b>			<b>\$0</b>

# FY 2004-05 SUPPLEMENTAL

## JUDICIARY

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
1. <b>Drug Treatment Courts.</b> An increase in available fee revenue from FY 2003-04 court fee increases will provide additional State restricted funds from the Drug Court Fund to support drug courts and allow an equivalent GF/GP reduction.	\$4,635,000	\$846,700	(\$46,000)
2. <b>Court Equity Fund Reimbursements.</b> An increase in available fee revenue from FY 2003-04 court fee increases will provide additional State restricted funds from the Court Equity Fund to support trial court reimbursement and allow an equivalent GF/GP reduction.	68,906,000	22,117,200	(500,000)
<b>TOTAL CHANGE:</b>			<b>(\$546,000)</b>

## FY 2004-05 SUPPLEMENTAL

### DEPARTMENT OF LABOR AND ECONOMIC GROWTH

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Tax Tribunal Operations.</b> The supplemental replaces \$306,900 of GF/GP reductions in the Executive Order 2005-03 with Corporation Fees.	\$1,371,300	\$306,900	\$0
<b>2. Code Enforcement and Fire Safety.</b> The supplemental replaces \$95,100 of GF/GP reductions in Executive Order 2005-03 with revenue from the Construction Code Fund.	16,501,800	95,100	0
<b>TOTAL CHANGE:</b>			<b>\$0</b>



# FY 2004-05 SUPPLEMENTAL

## DEPARTMENT OF STATE

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. Branch operations.</b> The recommended supplemental would shift \$10.0 million from the General Fund by increasing support from the Transportation Administration Collection Fund (TACF). Revenues that are currently deposited in the TACF are not sufficient to support this funding shift. Amendments to the Michigan Vehicle Code are necessary to enact the Governor's proposed redirection of certain fees from the Michigan Transportation Fund to the TACF. The fees include vehicle transfer fees and duplicate certificate of title fees.	\$66,719,900	\$12,627,300	(\$10,000,000)
<b>2. Special election costs.</b> This item would fund reimbursements to locals for special election costs associated with the Governor's bond proposal (21 <sup>st</sup> Century Jobs Initiative).	0	0	6,000,000
<b>TOTAL CHANGE:</b>			<b>(\$4,000,000)</b>

## FY 2004-05 SUPPLEMENTAL APPROPRIATIONS

### DEPARTMENT OF STATE POLICE

Program	Year-To-Date Gross Appropriation	Year-To-Date GF/GP Appropriation	FY 2004-05 GF/GP Change
<b>1. DNA Analysis Program.</b> The Governor-recommended FY 2004-05 supplemental appropriation of \$225,000 would provide a restricted revenue source of funds (Forensic Science Reimbursement Fee) in an amount equal to the E.O. 2005-03 reduction, resulting in a fund shift but not a net reduction for the program	\$8,529,200	\$3,298,500	\$0
<b>2. At-Post Troopers.</b> The Governor-recommended FY 2004-05 supplemental appropriation of \$387,000 would provide a restricted revenue source of funds (Highway Safety Fund) in an amount equal to the E.O. 2005-03 reduction, resulting in a fund shift but not a net reduction for the program.	117,432,600	72,523,200	0
<b>TOTAL CHANGE:</b>			<b>\$0</b>

**FY 2004-05 SUPPLEMENTAL**  
**DEPARTMENT OF TRANSPORTATION**

<b>Program</b>	<b>Year-To-Date Gross Appropriation</b>	<b>Year-To-Date GF/GP Appropriation</b>	<b>FY 2004-05 GF/GP Change</b>
<b>1. Administrative Savings.</b> Restricted revenue appropriation savings will be achieved by administrative reductions and efficiencies in overtime, travel, equipment purchases, cost of state contracts, maintaining vacancies, and insurance savings.	\$117,411,600	\$0	\$0
<p>The savings will not result in any GF/GP savings. The savings will be distributed pursuant to the statutory requirements governing the various impacted restricted revenue funds.</p>			
Commission Audit .....	(\$167,900)		
Finance and Support Services .....	(\$452,900)		
Planning Services.....	(\$202,500)		
Design and Engineering Services .....	(\$3,995,700)		
Aeronautics Services.....	(\$50,000)		
Total .....	\$4,869,000		
<b>TOTAL CHANGE:</b>			<b>\$0</b>

**FY 2004-05 SUPPLEMENTAL  
DEPARTMENT OF TREASURY**

<b>Program</b>	<b>Year-To-Date Gross Appropriation</b>	<b>Year-To-Date GF/GP Appropriation</b>	<b>FY 2004-05 GF/GP Change</b>
<b>1. Local finance.</b> This supplemental offsets the proposed \$143,200 executive order reduction with available restricted revenue (Municipal Finance Fees).	\$2,099,300	\$1,345,300	\$0
<b>2. Human resources optimization user charges.</b> This supplemental offsets the proposed \$44,300 executive order reduction with available restricted revenue (Delinquent Property Tax Collection Revenue).	44,300	44,300	0
<b>TOTAL CHANGE:</b>			<b>\$0</b>